

**Program Summary
Department of Health Services
Community Health Centers**

Program Overview

The Community Health Centers Special Line Item provides funding for grants to community health centers (CHCs) for the provision of primary health care services to persons of all ages who have a family income no greater than 200% of Federal poverty guidelines, are uninsured and ineligible for AHCCCS or Medicare, and are residents of Arizona. Grants are administered through the Primary Care Program by the Department of Health Service's (DHS) Office of Health Systems Development. The Primary Care Program has 15 clinically related services:

- Outreach Services
- Primary and Preventative Health Services
- Diagnostic Laboratory and Diagnostic Imaging Services
- Pharmacy Services Health Education and Health Promotion
- Referral and Follow-up (Tracking) Services
- Well-Woman Healthcheck Services
- Prenatal Care
- Family Planning
- Preventative Dental Services
- Transportation
- Same Day Services
- On-site Emergencies
- 24-hour Coverage
- Behavioral Health Services

The grants are awarded on a competitive basis to eligible CHCs including both federally qualified health centers (FQHC) and non-federally qualified health centers. FQHCs meet certain guidelines required to receive federal monies such as serving a medically underserved area or population. Currently there are 13 FQHCs in the state.

Contracts between the state and CHCs are initially for 1 year with an option to renew/extend for up to 4 years. Twenty contracts were renewed for FY 2006 (see attachment for FY 2005 allocations). Currently, of the 20 CHCs contracted with the state, 11 are FQHCs.

Generally, participating CHCs are local, non-profit organizations. However, there are private hospitals that operate CHCs; the Pinal County Health Department also receives funding from this program. Patients who receive services from participating CHCs are charged based on a sliding fee schedule based on income and ability to pay. For example, at

Yavapai County's CHC, a family of 4 at 150% of the Federal Poverty Level (household income of approximately \$29,000 per year) would pay 25% of the fees for the services they received. Fee schedules vary by CHC.

Program Funding

The CHC Special Line Item has 2 sources of funding, the state General Fund and federal grants. In FY 2006 the program is funded at \$11 million. This amount is unchanged from the FY 2005 level except for statewide adjustments and a slight increase in Federal Funds. The FY 2006 funding level represents a (29)% decrease from the FY 2001 funding level, which was \$15.4 million (see *Table 1* for funding history). In FY 2000, 2001, and 2002, the program received additional funding to expand primary care services. The additional funding each year amounted to \$4 million, \$4 million, and \$1 million, respectively. The decrease in the funding levels between FY 2001 and FY 2006 represents a return to the funding levels previous to FY 2000. In calendar year 2004, the 13 FQHCs in the state received \$28.3 million in FQHC monies directly from the federal government and may also receive funding from Medicaid, Medicare, and other sources.

Table 1

Community Health Centers Special Line Item Funding History			
Fund	FY 2001	FY 2005	FY 2006
GF	\$ 0	\$ 9,931,000	\$10,426,600
MNA	15,440,000	0	0
Federal ^{1/}	0	475,000	607,200
Total	\$15,440,000	\$10,406,000	\$11,033,800

^{1/} The Federal monies in Table 1 are pass-through monies from DHS and do not represent direct FQHC dollars.

Historically, the CHC program received non-appropriated funding from the Medically Needy Account (MNA) pursuant to A.R.S. § 36-2921. However, in FY 2004, funding was shifted to the General Fund pursuant to Laws, 2003, Chapter 265, which repealed A.R.S. § 36-2921 because of decreasing fund balances in the MNA. All funding for the CHC Special Line Item has since come from the General Fund.

Performance Measures

Table 2 displays the 2 performance measures that track the performance of the Primary Care Program;

neither is included in the General Appropriation Act. These 2 measures are useful for seeing how many people are served by the program. However, they are simple output measures and are limited in measuring effectiveness of the program and the effect the monies have on program goals. No assumptions can be made regarding why increases or decreases in these measures would take place and cannot be related to the program's overall performance because the measures could fluctuate for reasons outside of the program.

Currently there is no data that is readily available to assess the impact of the state funding on CHCs overall revenue. An annual report from DHS that would describe how much the participating CHCs rely upon state funding would provide insight to the Legislature concerning the impact of funding changes. This information would also allow the Legislature to understand how the state funding fits in with the rest of the funding for CHCs and FQHCs.

Good performance measures regarding clinical services are difficult because patients will not always follow treatment guidelines properly and outcomes may not be immediately realized. This creates difficulty in measuring the effectiveness of the program. However, quality measures could help gauge how well services are delivered and potentially give insight into the actual effect the program has on the target population. For instance, patient satisfaction could be a measure that would contribute to understanding the effectiveness of the doctors and their prescribed interventions, at least in the patient's view. Effectiveness of the services provided could be measured by patients giving feedback at some point after their visit to the CHC. Such a measure could provide valuable insight into the effectiveness of the program.

Table 2

Primary Care Program Performance Measures			
<u>Performance Measures</u>	<u>FY 2004 Estimate</u>	<u>FY 2004 Actual</u>	<u>FY 2006 Estimate</u>
Number of uninsured clients receiving primary care services visits provided through primary care grants	48,072	N/A	36,225
Number of primary care visits provided through funded contracts	100,041	N/A	87,425

Community Health Centers Special Line Item
FY 2005 Allocations

<u>Contractors</u>	<u>Allocation</u>
Canyonlands/Lake Powell Medical Center	\$210,000
Chiricahua Community Health Center	\$565,000
Clinica Adelante	\$765,000
El Rio Community Health Center	\$824,000
Marana Community Health Center	\$140,000
Mariposa Community Health Center	\$470,000
Morenci Community Health Center	\$120,000
Mountain Community Health Center	\$600,000
Native American Community Health Center	\$235,000
North Country Community Health Center	\$516,000
Sun Life Community Health Center	\$340,000
Sunset Community Health Center	\$190,000
Pinal County Health Department	\$180,000
Yavapai County Health Department	\$564,000
Phoenix Baptist Hospital	\$360,000
John C. Lincoln	\$240,000
Maricopa Integrated Health Systems	\$1,830,000
Northern Apache Health District	\$135,000
Scottsdale Healthcare	\$375,000
St. Elizabeth's of Hungary	\$850,000
Children's Clinic	\$20,000
University Physicians, INC (KINO)	\$270,000
White Mountains Communities	<u>\$201,000</u>
Subtotal - Contractors	\$10,000,000
Department Administration Cost - up to 4% allowed	<u>\$412,300</u>
Total Allocations - General Fund	\$10,412,300